

# Acquisition Reform and the French Armaments e-Portal Project

[www.ixarm.com](http://www.ixarm.com)

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If you cast a glance at the e-environment as it was two or three years ago, you can easily assess how quickly and widely the Internet has succeeded in becoming a truly essential tool of international business. Yet, the explosion of e-business is not brand new. In 1994, the U.S. Federal Acquisition Streamlining Act mandated establishment of the Federal Acquisition Computer Network architecture to enable U.S. Federal Agencies and vendors to do business electronically in a standardized fashion. Rapid evolution in the technology provided alternative electronic purchasing methods, and in November 1997, the U.S. Department of Defense was allowed to pursue other means of implementing Electronic Commerce (EC). This led, a couple of months later, to the creation of the Joint Electronic Commerce Program Office, now renamed the Defense Electronic Business Program Office.

In France, during approximately the same period, la Délégation Générale pour l'Armement (DGA), or the French Procurement Agency, was on the verge of going through a major reform of its organization and revamping of its business practices. The conclusions of this reform endorsed the compelling outcomes of EC on our current working methods, notwithstanding the fact that the revolution and proliferation of Web technology was definitely going on – with or without us.

Therefore, the DGA decided to adopt some of the commercial best practices embraced by the United States and

started to experiment with some of the new tools associated with EC. In March 2000, the Chief of DGA set up a task force for this experimentation, located in DGA Headquarters, Paris. The objective of the task force was to establish an Armaments e-Portal with four major goals:

- Simplify the relations between DGA and its suppliers.
- Improve DGA procurement practices (with a focus on reducing cycle time).
- Streamline logistics.
- Promote assets of DGA suppliers.

## A Top-Down Strategy

The DGA initiative, available on the Web at [www.ixarm.com](http://www.ixarm.com), is certainly relevant to challenges faced by industry today. In the beginning of 2000, every industry executive was trying to address the same tough issues:

- Do I need to establish an e-marketplace in my business area?
- Do I need to develop a joint-order front office in collaboration with some of my competitors, and if yes, which ones?
- Is my back office able to work effectively with the emerging marketplaces?

And naturally, all these issues had to be addressed and solved at Internet speed.

Of course, DGA is a governmental agency and, as such, must comply with government contracting regulations (Code des Marchés Publics); at the same time, DGA is also striving to capture the



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best practices of the commercial environment. Thanks to a French Reform Initiative, launched in 1997, DGA is now managed as a kind of private company. As such, all the issues just discussed are still relevant for us, even if the challenges are sometimes faced from a different perspective.

We realize the tremendous ramifications of such a project – impacting partners

far beyond our own environment. Changing business processes between DGA and its suppliers may even result in a requirement for these companies to revamp their own internal working practices. On the other hand, an unchanged DGA would represent an impediment to the modernization and restructuring of its contractors. DGA's Defense industrial partners will therefore benefit from the modernization of DGA, we believe,



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## Purchase Marketing on the Internet

The DGA's purchasing workforce faces an ongoing challenge to stay abreast of current services and products offered by industry, especially in the area of cutting-edge technologies. Used as a purchase marketing tool, the Internet is a tremendous asset that can help the purchasing workforce immeasurably. Certainly, every piece of information a purchasing agent might ever need about a particular company is available on the Web – organization, products, services provided, bio of executives, financial data, and other information. Even where some databases may better capture all the information available, the main challenge is still to be able to find the appropriate data, where users can place a high level of confidence in its authenticity. In this regard, the armaments marketing area offers a new gateway to the Defense Industry – ranging from Prime industry to the Small Business community.

by using cutting-edge technology, thereby becoming more competitive on the world market. Additionally, by adopting commercial best practices, the traditional Defense suppliers reduce their operating costs, which are costs driven by their main customer – DGA.

The Defense community as a whole is evolving with DGA, and we must consider all the members of this community – such as suppliers, providers, and customers – as partners in this major shift in our business practices.

Web standardization is an enabler of the partnership between DGA and its suppliers. Of course, some concerns remain for security and high-speed data exchanges; however, fielded with standard Web technologies such as http, html, and Xml, DGA's Web portal – [www.ixarm.com](http://www.ixarm.com) – offers easy and user-friendly access to every member of the community. We do not pretend that all the relevant issues are now solved. In fact, we are still wrestling with some of them, and working to achieve complete interface with our partners. Admittedly, we face a tough task, but by relying on

commercial standards, we at least facilitate the handling of services provided.

### ***Ixarm* — the Armaments Portal**

To reach the goals and objectives assigned to the portal project, *ixarm* has been structured around three main areas (Figure 1), two of which are already accessible at [www.ixarm.com](http://www.ixarm.com).

#### **Marketing Area**

This area provides an overview of products and describes the technical expertise of DGA suppliers, including Prime contractors, Sub-contractors, and Small Business companies. Soon, everyone will be able to view the operational capabilities of various weapon or procurement systems presented via this virtual show.

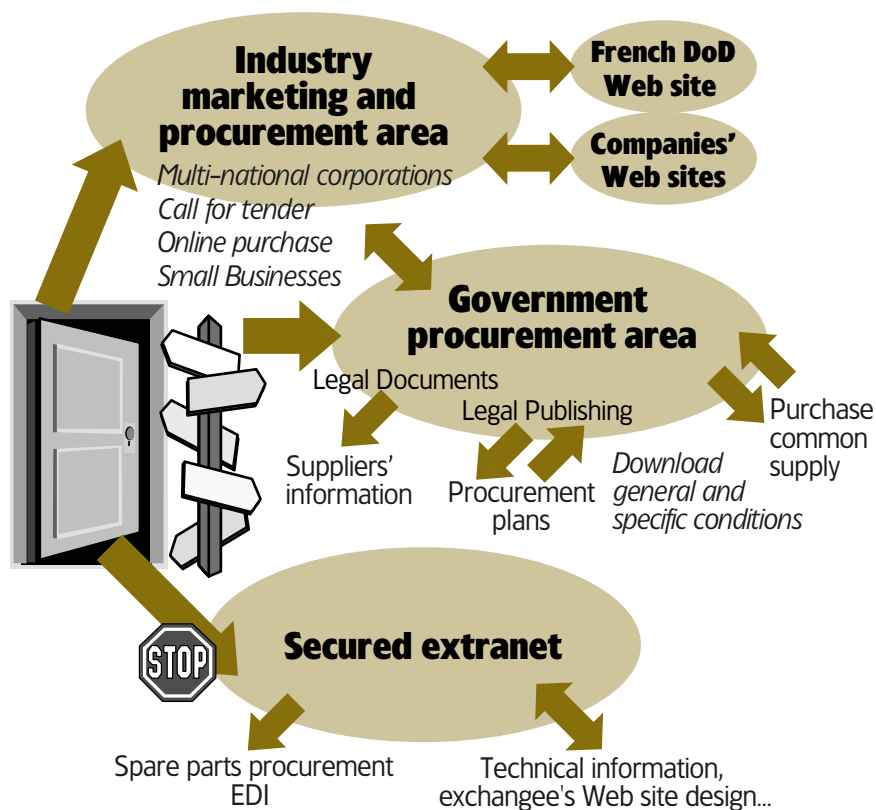
Of course, many Prime contractors and Small Business companies already manage their own Web sites, promoting their own products. DGA's portal aims to be a complement to these burgeoning sites by offering a complete and coherent overview of the entire French Defense community and its capabilities. Thus, the DGA portal is a single point of access to all Ministry of Defense industrial partners.

#### **Procurement Area**

As many other departments across the French Government are embracing online operations to move toward a more customer-centric service delivery, the Procurement Area of the *ixarm* portal is also aiming to improve the relationship between DGA and its suppliers. The French Government needs to rely on a wide and reliable contractor base from which to solicit quotations and bids. We also need to avoid the emergence of companies specialized in doing business solely with the French Government. Likewise, we must also be wary of imposing complex and burdensome regulations, which result in the undesirable side effect of companies which do not wish to do business with DGA.

The Internet is cheap, user-friendly, and used worldwide; DGA embraces online operations as a tool to improve Civil Military Integration (CMI) and to alleviate the difficulties described in this article.

FIGURE 1. **Portal Architecture**





Ixarm gives more transparency and equity to the procurement process for all DGA suppliers.

The Procurement Area link to the *ixarm* Web site includes all legislative and regulatory guidelines for doing business with DGA and also provides access to electronic forms and documents. As a portal, DGA's *ixarm* Web site offers a gateway to specialized sites covering all Procurement-related documentation, without duplicating the content of these sites. Providing easily accessible references for all Standards and Military Specifications, the Procurement link also connects to all archived contractor documents, which can be downloaded through Web sites of proprietary organizations. As a result, DGA no longer scrambles to update these documents.

Eventually, the DGA portal will provide a single point of access for all DGA solicitations, Requests for Information, Requests for Proposals, and Contract Awards in the same manner as *DoD BusOpps.com* is used today on the U.S. side of the Atlantic. Online access to DGA contracts, of course, is limited to those contracts subject to an official release, which represent the lion's share of the total procurement budget managed by DGA.

Some contend that this information is already available at several other sites such as the *Journal Officiel des Communautés Européennes (JOCE)*, a European Union Daily Publication Journal; or the *Bulletin Officiel des Annonces des Marchés Publics (BOAM)*, a French Public Procurement Bulletin. Nevertheless, the fact remains that providing a single point of access to all Procurement-related information will facilitate access to DGA contracts for many small businesses and foreign competitors.

Of course, we have not yet reached a paperless contracting environment; the *ixarm.com* Armaments e-Portal is the first step that offers users, for instance, the ability to download requirements of a solicitation. The next step will offer the capability to send secure online electronic quotes and bids for DGA-posted

solicitations. Electronic documents management such as storage and instant competitive comparison between offers will ultimately transform the everyday lives of DGA purchasers.

Just as the United States adopted appropriate legislation, including the Government Paperwork Initiative Act, e-Sign, and a number of other Office of Management and Budget (OMB) policies to fuel "paperless-contracting," the growth of *ixarm* will hinge on the adoption of new French and European legislation, and, more importantly, the occurrence of a significant cultural change in French traditional public business practices.

The DGA e-Portal is moving toward becoming a true marketplace beyond its own boundaries; indeed, industry can also use *ixarm* for their own solicitations. This would be the case, for example, when a Prime contractor is selected without a competitive process. DGA would then negotiate a so-called "acquisition plan" with the Prime, ensuring that sufficient competition is managed at the Sub-contractor level. The marketing area would be used by Prime purchasers to identify and track some candidates for their own solicitations on the sub-contractor level. Altogether, these new capabilities will ensure a broader and more efficient competition for DGA Procurement.

Easy access through the Web to a site like *ixarm.com* also makes it a valuable tool for Small Business companies. To gain access to technologies developed by Small Business companies, DGA has launched several initiatives such as a call for papers on science and technology, unsolicited proposals, and a call for innovative projects. With *ixarm.com* acting as a significant catalyst, these initiatives will deliver their full potential by more easily reaching the overall Small Business community, including companies that were heretofore unknown, that are now doing business within the DGA Procurement Area.

Today, the DGA Armaments e-Portal is a true marketplace, enabling this now

**Message From  
Yves Gleizes  
la Délégué Général pour  
l'Armement (DGA)  
(Head of the French  
Procurement Agency)**

**Recently appointed as  
the head of the DGA,  
I wish to foster  
collaboration  
between all the  
partners of the  
defence community.  
The *ixarm* portal is  
intended to spur our  
relationships and  
increase the  
efficiency of our  
common actions. For  
us, it is a way to  
shorten our delays  
and widen the range  
of our suppliers. For  
you, it is the  
opportunity to be  
informed faster,  
earlier, and more  
easily of our needs in  
the field of research  
and technology, our  
procurement  
projects, and our  
calls for tender.**

**That is why I am  
wholeheartedly keen  
on making this  
project succeed  
together.**

private company to experiment with some of the latest e-procurement strategies such as reverse auctions, as well as electronic catalogs. (A first experiment of reverse auctions was carried out in June 2000. The purchasing authority was DGA/ECS and products were ink cartridges. The result was a reduction of costs by 24 percent compared to traditional methods.) We must evaluate these new methods, assess what benefits we can leverage, and how we can use such benefits for French Government purchases. Only then can we move to expand them.

### Partnership Area

The benefits of the Armaments e-Portal project are not limited to the Marketing and Procurement Areas; *ixarm* premises are far more ambitious. A third area dedicated to DGA partners will be used to build an online paperless contracting environment. The contracts will, in the beginning, be dedicated to spare parts; the online operations will provide a contracting continuum ranging from solicitations through awards, up to contract payment by ACSIA (a French equivalent of the U.S. Defense Finance and Accounting Service), including shipping bulletins. This Partnership Area, or Electronic Data Interchange (EDI), will include not only industry, but also the Services and the Ministry of Economics, Finance, and Industry. (EDI is undergoing a major evolution, from heavy EDI-EDIFACT standardized through light EDI, toward Web EDI XML-driven.)

Undoubtedly, we will have to rationalize our current procurement methods before implementing EDI; indeed, without simplification, traditional practices will preclude reaping the benefits derived from using electronic data and the latest communications technologies. And without simplification, savings and cycle time reduction would not reach expected figures.

Ambitious EC goals and metrics have been assigned. Chief among them is a one-third reduction in the duration of time between order and payment. By achieving this goal, DGA and French

Armed Forces will be able to reduce their logistics stocks by the same order of magnitude.

The Partnership Area of *ixarm* includes a second project far more ambitious and innovative than the EDI: building an integrated data environment (IDE), enabling a full electronic flow of technical data within the French Defense community (DGA, Armed Forces, Industry, Primes, and Small Business companies). The Partnership Area will host technical communities gathered around a dedicated weapon system, equipment, or technology. As envisioned, the various members of one community will be able to exchange electronic contractual documents, work together on an e-design, and discuss technical issues online.

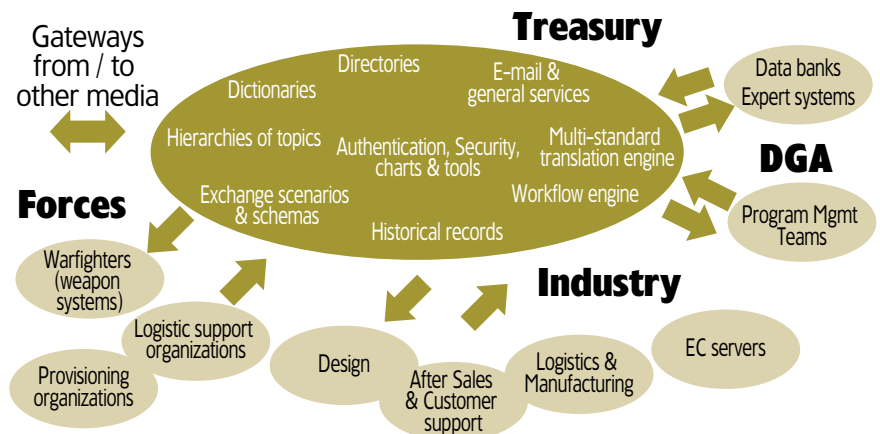
In the Partnership Area, security is much more of an issue for exchanges of data than it was for the Marketing or Procurement Areas previously covered earlier. Even in today's context of technology maturity and supposedly secure Web sites, exchanges of defense confidential data are not envisioned due to the industrial sensitivity of technical data. EDI exchanges will first need to demonstrate a sufficient level of security and reliability. The commercial world, and more particularly banks and industry, have already paved the way on the security issue: technological solutions must come from their pioneer work.

The level of classification for documents exchanged will be adjusted according to the level of security protection available. Several technical solutions can be adopted such as a truly secure network linking DGA with major Prime contractors or an Internet-based network for small companies doing business with DGA on an occasional basis, for instance, during reverse auctioning.

Within the Partnership Area, some brand new concepts will be implemented such as Public Key Infrastructure (PKI)-enabled applications like digital signature, registration (from a judicial point of view), exchanges, sender/recipient authentications, and reliable partners who trust certificates. (Note that registration will constitute and be used as proof up to the level of a European court.) From a technical point of view, we can say that solutions adopted will be far more innovative than technologies driving the Marketing and Procurement Areas. As a matter of fact, no other hub exists today (Figure 2) where all partners are on equal footing, without any master or centralized mainframe. We are talking here of a true shared working environment – providing opportunities and capabilities for remote software use that are far more ambitious and attractive than those offered by a classical shared data environment.

To register in the Partnership Area, DGA's suppliers will not have to overhaul their legacy of information technology sys-

FIGURE 2. Generic Hub Concept



tems and organization processes. Just the opposite – the area is designed to be instantaneously accessible. Moving toward the adoption of optimized and more standardized exchange processes will, of course, be a key enabler in improving the use of the Partnership Area. Nonetheless, this evolution will be achieved only under the direction of all partners involved. Even though the Partnership Area is a risky technical initiative, the main potential impediment lies in the ability of the French Administration to implement successful changes in its policies and business practices. Indeed, the digitization of processes implies a thorough reform of our procurement process and will greatly impact

day-to-day business across the French acquisition workforce, not to mention the regulatory issues since this Partnership Area implementation will be successfully achieved only by adopting innovative and new legislation.

### Final Thoughts

The *ixarm* Armaments e-Portal encompasses a wide range of initiatives impacting virtually every aspect of the DGA's business operations. This comprehensive and innovative gateway is the first business Web site in France dedicated to the relations between a government agency and its suppliers; its objectives differ drastically from those of institutional Web sites already existing.

*Ixarm.com* aims at bringing together the entire French Armaments community into the e-business arena.

Stakes are high for this very challenging initiative. And the success of *ixarm* relies not solely on DGA but also on an early involvement of all key players, including DGAs international partners, teaming together and building on the global expansion capabilities made possible only through the wonders of the Internet.

**Editor's Note:** The authors welcome questions and comments on this article. Contact Coursault at [f.coursault@ambafrance-us.org](mailto:f.coursault@ambafrance-us.org).

## Federal Acquisition Regulation (FAR) 2001 Edition

The GSA FAR Secretariat, (202) 501-4755, has reissued the Federal Acquisition Regulation (FAR). The reissued FAR is available via the Internet at <http://www.arnet.gov/far>. The reissue incorporates Federal Acquisition Circulars (FAC) 97-1 through 97-27. If you maintain a paper copy of the FAR, future FACs must be incorporated into the 2001 edition of the FAR. The POC is Rick Layser, DoD FAR Editor, OUSD(AT&L) DP(DAR), (703) 602-0293, e-mail [richard.layser@osd.mil](mailto:richard.layser@osd.mil).

## AT&L WORKFORCE RESOURCES

The following guides, handbooks, and "How To" manuals will help you step-by-step through several acquisition processes. Access them at <http://www.acq.osd.mil/ar/resources.htm>.

- *Guide to Performance Based Payments*, Jan. 22, 2001. The policy, "Use of Performance-Based Payments (PBP)," signed by Dr. Jacques Gansler on Nov. 13, 2000, explains this new, simplified financing technique.
- *Performance-Based Services Acquisition (PBSA) Guidebook*, Jan. 2, 2001.
- *Commercial Off The Shelf (COTS) and Commercial Item Guide*, "Commercial Item Acquisition: Considerations and Lessons Learned," July 2000.
- *Guide to Incentive Strategies for Defense Acquisitions*, January 2001.
- *Guide to Collection and Use of Past Performance Information*, Version 2, May 2001.
- *Intellectual Property: Navigating Through Commercial Waters*, "Issues & Solutions When Negotiating Intellectual Property With Commercial Companies," April 2001.
- *Other Transactions" (OT) Guide For Prototype Projects*, January 2001.
- *Contracting for the Rest of Us: Some Basic Guidelines*, October 2000, was released by the Office of the Assistant Secretary of the Navy for Research, Development and Acquisition, Acquisition and Business Management.
- *Procedure for Bid Protests at GAO* (a descriptive process).